State of New Jersey
DEPARTMENT OF TRANSPORTATION
CN 800
TRENTON. NEW JERSEY 08625-0600

THOMAS M. DOWNS
COMMISSIONER

June 25, 1992

MEMORANDUM
All Design Units

Subject: Revision to the 1989 Standard Specifications,
Subsections 102.08 and 107.23

In an effort to compensate contractors for obtaining job specific insurance, projects shall now include bid items for providing the required coverages. These job specific insurance requirements are Railroad Protective Liability Insurance, when required on a project, and Owner's and Contractor's Protective Liability Insurance.

To compensate for insurance costs, the pay item OWNER'S AND CONTRACTOR'S PROTECTIVE LIABILITY INSURANCE shall be included on all projects. The pay item RAILROAD PROTECTIVE LIABILITY INSURANCE shall be included on projects with railroad involvement. For purposes of plan and estimate preparations, these items shall be considered as non-standard until further notice. Estimated costs for these lump sum items shall be determined as follows:

1. Owner's and Contractor's Protective Liability Insurance

Multiply the sum of all items (roadway and bridge) by 0.61%.
Round this number up to the nearest $100 and insert this amount in the Engineer's Estimate as the estimated cost for this pay item.

2. Railroad Protective Liability Insurance

Contact the Manager, Bureau of Utility and Railroad Engineering to obtain the estimated cost for this pay item.

The Supplementary Specifications for all projects shall include revisions to Subsections 102.08 and 107.23 of the 1989 Standard Specifications to incorporate the above changes. The text changes shall be added as follows:

New Jersey Is An Equal Opportunity Employer

Insert the following after line 382 of SI89 ROAD5:

OX   102.08   BALANCED BIDS.
OX   ----------------------
 X   THIS SUBSECTION IS CHANGED TO:
 X
OX   EACH PAY ITEM SHOULD REFLECT THE ACTUAL COST WHICH THE BIDDER
OX   ANTICIPATES INCURRING FOR THE PERFORMANCE OF THAT PARTICULAR ITEM,
 X   TOGETHER WITH A PROPORTIONAL SHARE OF THE BIDDER'S ANTICIPATED
 X   PROFIT, OVERHEAD AND COSTS TO PERFORM WORK FOR WHICH NO PAY ITEM
 X   IS PROVIDED. IN NO EVENT WILL THE DEPARTMENT CONSIDER ANY CLAIM
OX   FOR ADDITIONAL COMPENSATION ARISING FROM THE BID ON AN ITEM, OR
OX   GROUP OF ITEMS, INACCURATELY REFLECTING A DISPROPORTIONATE SHARE
 X   OF THE BIDDER'S ANTICIPATED PROFIT, OVERHEAD AND OTHER COSTS.
 X

Insert the following after line 945 of SI89 ROAD5:

 X   THE FIRST SENTENCE OF THE FIRST PARAGRAPH IS CHANGED TO:
 X
OX   THE CONTRACTOR SHALL PROCURE AND MAINTAIN, UNTIL ACCEPTANCE
OX   AND AT ALL TIMES THEREAFTER WHEN THE CONTRACTOR MAY BE CORRECTING,
 X   REMOVING OR REPLACING DEFECTIVE WORK OR COMPLETING PLANTINGS,
 X   INSURANCE FOR LIABILITY FOR DAMAGES IMPOSED BY LAW AND ASSUMED
 X   UNDER THIS CONTRACT, OF THE KINDS AND IN THE AMOUNTS HEREINAFTER
OX   PROVIDED, WITH INSURANCE COMPANIES AUTHORIZED TO DO BUSINESS IN
 X   THE STATE.
 X

Insert the following after line 1068 of SI89 ROAD5:

 X   THE FOLLOWING IS ADDED AFTER THE LAST PARAGRAPH:
 X
OX   PAYMENT FOR OWNER'S AND CONTRACTOR'S PROTECTIVE LIABILITY
OX   INSURANCE AND/OR RAILROAD PROTECTIVE LIABILITY INSURANCE WILL BE
 X   MADE AT THE PRICES BID, EXCEPT THAT SHOULD THE ACTUAL COSTS, AS
 X   EVIDENCED BY THE PAID BILLS, BE LOWER THAN THE BID AMOUNTS,
 X   PAYMENT FOR THE DIFFERENCE BETWEEN THE ACTUAL COSTS AND THE BID
 X   AMOUNTS SHALL NOT EXCEED 25 PERCENT OF THE ACTUAL COSTS AND WILL
OX   NOT BE MADE UNTIL COMPLETION. SHOULD THE ACTUAL COSTS BE HIGHER
OX   THAN THE BID AMOUNTS, THERE WILL BE NO ADDITIONAL COMPENSATION AND
 X   PAYMENT WILL BE MADE AT THE BID PRICES.
 X

```
X          PAYMENT WILL BE MADE UNDER:
X
OX         PAY ITEM                                     PAY UNIT
X          --------                                     --------
OX         OWNER'S AND CONTRACTOR'S
OX            PROTECTIVE LIABILITY INSURANCE            LUMP SUM
X          RAILROAD PROTECTIVE LIABILITY INSURANCE      LUMP SUM
X
OX         ALL OTHER INSURANCE COSTS, AS SPECIFIED IN THIS SUBSECTION,
X     WILL BE AT THE CONTRACTOR'S OWN EXPENSE.
X
```

RECOMMENDED BY: APPROVED BY:

Robert K. Suess   Charles Takacs
Chief, Bureau of Roadway   Director of Roadway Design
Plans and Specifications   (Chief Engineer of Roadway Design)

Implementation Code C

CT:FC:mb

92003 ADU